Supreme Court, U. S.
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80-774

No.

In the

Supreme Court of the United States

OCTOBER TERM, 1980

HUGHES AIRCRAFT COMPANY, WALTER G. FINCH, and LaVERNE McLEAN, MARK McLEAN, and CALIFORNIA FIRST BANK, as Trustees of the McLean 1976 Family Trust,

Petitioners,

vs.

MESSERSCHMITT-BOELKOW-BLOHM, GmbH,

Respondent.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FIFTH CIRCUIT

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QUESTIONS PRESENTED

This petition presents, as its first question:

1. Does not the decision of the Fifth Circuit in this case conflict directly with the decision of the Court of Claims in *Carrier Corp.* v. *United States* (Ct. Cl., 1976), 534 F.2d 244, with respect to matters of great public importance, viz., when and under what circumstances 28 U.S.C. 1498(a) renders the United States subject to suit in the Court of Claims for patent infringement?

The resolution of Question 1, as just stated, will present these other issues:

2. Whether the Fifth Circuit, in affirming a summary judgment for defendant, erred in holding the accused space vehicles to have been "used . . . by or for the United States" within the meaning of 28 U.S.C. §1498(a), so as to vest in the Court of Claims exclusive jurisdiction over petitioners' cause of action for patent infringement, where the record shows without dispute that:

(a) By formal written understanding between the United States and the Federal Republic of Germany, the sole responsibility for design of the accused space vehicles rested upon the German government; and the selection of an infringing design for the space vehicles was made by German personnel, in carrying out that responsibility.

(b) Again, by the same written understanding, the sole responsibility for fabrication and testing of the space vehicles, and for overall mission

control, rested upon the German government; pursuant to that understanding, German personnel built and tested the space vehicles and controlled them at all times after launching.

(c) Participation by the United States in the missions carried out by the accused space vehicles has been limited to (i) giving advice and support (including launching service, a function which the United States performs for hire, routinely, for friendly governments and even for private parties), and (ii) financing and carrying out three scientific experiments (out of a mission total of ten), with no suggestion in the record that conducting those experiments affected in the least degree the control or operation of the space vehicles *per se*.

3. Whether the United States, having had no responsibility for either the design or the operation of the accused space vehicles, nonetheless became liable for the resulting patent infringement solely because (a) it paid in money and services for the privilege of lofting, on the vehicles, scientific experiments of its own devising, and (b) it integrated the data from its own experiments with information derived from the German experiments in furtherance of a mutual interest in learning about "the properties and processes in interplanetary space".

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HUGHES AIRCRAFT COMPANY, WALTER G. FINCH, and LaVERNE McLEAN, MARK McLEAN, and CALIFORNIA FIRST BANK, as Trustees of the McLean 1976 Family Trust,

Petitioners,

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Respondent.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FIFTH CIRCUIT

Petitioners respectfully pray that a writ of certiorari issue to review the judgment of the United States Court of Appeals for the Fifth Circuit in its cause No. 78-1263, entered on September 8, 1980.

OPINIONS BELOW

The opinion of the Court of Appeals has not yet been reported; it is, however, set forth in the appendix to this petition, commencing at page 1a. The opinion of the

District Court has been officially reported, 437 F.Supp. 75; it is also reproduced in the appendix to this petition, commencing at page 10a.

JURISDICTION

The judgment of which review by this Court is sought was entered on September 8, 1980. This Court has jurisdiction by virtue of 28 U.S.C. §1254(1).

THE STATUTE INVOLVED

The statute involved is 28 U.S.C. §1498(a), of which the relevant portion reads:

> "Whenever an invention described in and covered by a patent of the United States is used or manufactured by or for the United States without license of the owner thereof or lawful right to use or manufacture the same, the owner's remedy shall be by action against the United States in the Court of Claims for the recovery of his reasonable and entire compensation for such use and manufacture.
>
> "For the purposes of this section, the use or manufacture of an invention described in and covered by a patent of the United States by a contractor, a subcontractor, or any person, firm, or corporation for the Government and with the authorization or consent of the Government, shall be construed as use or manufacture for the United States."

STATEMENT OF THE CASE

This proceeding was commenced in the United States District Court for the Middle District of Florida on December 5, 1974. The complaint, in reliance upon the District Court's jurisdiction under 28 U.S.C. §1338, stated causes of action for patent infringement against Messer-

schmitt-Boelkow-Blohm, GmbH (hereinafter "MBB"). The original plaintiffs were Hughes Aircraft Company (hereinafter "Hughes"), Walter G. Finch (hereinafter "Finch"), and Dr. William B. McLean (hereinafter "McLean"). The patents involved were No. 3,758,051, owned by Hughes, and Reissue No. 26,887, jointly owned by McLean and Finch and exclusively licensed to Hughes, subject to a non-exclusive license to the United States Government.* Both patents relate to space vehicles having distinctive control systems for adjusting and/or maintaining their "attitude" — i.e., orientation — in space.

The subject matter of the infringement charges against MBB consisted of two space vehicles, known as "Helios", which were designed to orbit the sun for scientific exploration.** The accused vehicles were built by MBB for the German government; and they were launched from Kennedy Space Flight Center by the United States pursuant to a written agreement with the German government.

In the District Court, the action was ended prior to trial by entry—on MBB's motion—of a summary judgment (16a), dismissing the action for lack of jurisdiction. The basis of that holding was (15a) that, within the meaning of 28 U.S.C. §1498(a), "the alleged infringement was the result of a use by the United States". Hence, held the District Court, the plaintiffs' only remedy

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* In 1976 Dr. McLean transferred his interest in the Reissue patent to the McLean 1976 Family Trust, and its Trustees were thereafter substituted as co-plaintiffs in lieu of Dr. McLean.

** However, it is noted for the sake of accuracy that only Helios A was before the District Court.

was by action against the United States in the Court of Claims, as provided in §1498(a).

On appeal, the Fifth Circuit affirmed that judgment, stating (2a):

> "Considering the facts in the light most favorable to Hughes Aircraft, the party opposing the motion for summary judgment, we hold the district court correctly determined that Helios was a joint research project of the United States and Germany. In its role as a partner in that project, the United States "used" the satellite for its own benefit. Accordingly, the district court is without jurisdiction over this cause, and plaintiff is limited to an action against the United States in the Court of Claims. On this basis, we affirm the summary judgment for defendant."

In reaching its stated conclusion, the court below was "guided by" two recent decisions of the Court of Claims — *Hughes Aircraft Co.* v. *United States* (Ct.Cl. 1976), 534 F.2d 889, in which Court of Claims jurisdiction was held to exist, and *Carrier Corp.* v. *United States* (Ct.Cl. 1976), 534 F.2d 244, in which the petition was dismissed. The decision of the Court of Appeals to identify this case with *Hughes* rather than *Carrier* rested on its stated belief (6a) that the project involved here "was a shared project for the mutual benefit of both countries, with interrelated responsibilities for each", as opposed to the situation in *Carrier,* wherein the use of the patented invention "was without direct participation by the Government, and had no meaningful relationship to the Government's activity within the scope of the relevant contract" (7a).

The legal error in the decision below, petitioners submit, sprang from the Court of Appeals' failure to distinguish between activities which were relevant to the patent infringement and those which were not. It is true that, with respect to scientific research and the overall advancement of human knowledge, Helios was a "shared project", with "interrelated responsibilities" for both the United States and Germany. Those mutual benefits and responsibilities, however, were independent from, and unaffected by, the structure and operation of the space vehicles per se. The *relevant* activities—the genesis and substance of the patent infringement—were the Germans' sole responsibility, shared not at all by the United States.

The relevant facts anent the respective roles of the United States and Germany in the Helios project may be summed up thus:

1. The project had its origin in 1966 in a summit meeting between President Lyndon Johnson and Chancellor Ludwig Erhardt, wherein it was agreed that Germany and this country should cooperate in the field of space research. Informal discussions between space officials of the two countries ensued; and ultimately the Helios project was formally established by a Memorandum of Understanding ("MOU", 18a, infra), spelling out in explicit terms the respective roles to be played by Germany and the United States in the execution of the Helios project. In brief, the on-board experiments and the scientific research associated with them were to be a joint enterprise, but the design, fabrication, testing, and control of all space vehicles used in the project were the responsibility of Germany alone (18a-20a).

2. The MOU explicitly provided that the United States and German space agencies, respectively,

would "individually bear the costs of discharging their respective responsibilities"; ultimately, as the Court of Appeals noted, the German expenditure totaled about $180 million, while that of the United States was about $80 million. What the United States spent, however, was solely in discharge of its own responsibilities under the MOU and did not include any contribution toward the cost of the infringing space vehicles (3a; 21a).

3. German officials, on their own responsibility, designed the Helios space vehicles in such a fashion as to make them infringe the patents in suit, and then, after the vehicles were launched, other Germans, on their own responsibility, controlled the Helios vehicles in their space maneuvers, thus "using" the patented inventions. The United States neither selected the infringing design nor operated the infringing apparatus (2a-3a).

REASONS FOR GRANTING THE WRIT

The facts of this case, insofar as they are relevant to the patent infringements complained of, are on all fours with those in *Carrier Corp.* v. *United States* (Ct. Cl. 1976), 534 F.2d 244; yet the results reached in the two cases are 100% in conflict. Clearly, the writ should issue, to resolve the conflict and to settle, definitively, the conditions under which the United States can be held liable for patent infringements committed by others.

Of the cases in conflict, petitioners submit that it was *Carrier* which was correctly decided. There, as here, the infringing machines were used in the service of the United States, after being inspected and approved by officials of the Government (534 F.2d, at 248). And there, as in this case, the United States paid for the services for which the infringing machines were used. Yet, in *Carrier,* none of those facts constituted "use by or for the United States" within the meaning of §1498(a) because, as the Court of Claims stressed, the infringing machines were *selected* and *operated* solely by the third-party contractor (534 F.2d, at 247-248).

Given controlling weight by the Court in *Carrier* were the facts (a) that suitable noninfringing equipment was generally "available in the open market" throughout the period in which the infringing machines were being used by the third-party contractor, and (b) that use of infringing equipment "was not required by the contract specifications or within instructions of the contracting officer" (534 F.2d, at 248).

In this case, those very same facts are present—and equally controlling. The German space officials selected

the patented attitude-control system in preference to an available alternative (2a). And, as in *Carrier,* the use of the infringing system was neither "required by the contract specifications" nor directed by any representative of the United States. The United States is therefore no more liable for patent infringement here than it was in *Carrier;* yet this controversy has been sent to the Court of Claims where only the United States can be held liable, and the Court will be without power to enter judgment against the Germans.*

The theory underlying the decision below appears to be that participation by our Government in outer-space scientific research makes it, willy-nilly, a partner in patent infringements which were 100% planned and carried out by the German half of the research team. But that line of reasoning is patently unsound. The "partnership" on which the court below relied was concerned only with acquiring knowledge about outer space—a goal which, while mutually beneficial, was *not* related to the patent infringements of which petitioners complain.

If *that* kind of "partnership"—i.e., any cooperation with an infringer for mutual benefit—saddles the United States with liability under §1498(a), then the *Carrier* decision should have gone the other way: Collection and removal of the refuse at Andrews Air Force Base was certainly of mutual benefit, both to the Government and to the contractor which was paid for doing it. And

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* The judgment below extinguished—literally wiped out—the rights of Finch and the Trustees, who collectively own the McLean patent. (Dr. McLean was a U.S. Navy scientist, and the Government is licensed under his patent. Hence Finch and the Trustees, unlike Hughes, have no standing to seek relief in the Court of Claims.)

the Government *did* cooperate actively by compacting the refuse and placing it in the infringing containers which the contractor provided (534 F.2d, at 247). But, as the Court of Claims held, cooperation of that sort did not make the Government liable for infringement, because it was *unrelated* to the third-party contractor's election to use infringing containers.

In sum: The refuse in *Carrier* would have been collected and removed just as well had the contractor done his part of the job with noninfringing equipment; hence the Government was not liable for infringement. Equally, in this case, the United States is not liable for the third party's infringing acts because the fruits of the Helios scientific research would have been exactly the same had the German team designed, built, and used noninfringing space vehicles instead of the infringing ones which the Germans did opt for.

The Court of Appeals held that *Hughes Aircraft Co.* v. *United States* (Ct.Cl. 1976), 534 F.2d 889, which it called "the Skynet decision", was a precedent "which strongly supports the denial of district court jurisdiction in this case" (6a). But that holding, we insist with all respect, was clear error.

Skynet was a military communication-satellite program undertaken jointly by the United States and Great Britain, for use by the military establishments of both nations. The Court of Claims did, it it true, hold that the United States was exclusively liable under §1498(a) for any patent infringements which resulted from the project, but that determination was based on specific findings (a) that the United States had given its explicit "authorization and consent" to the use in the Skynet vehicles of the

patented inventions (534 F.2d, at 900-911), and (b) that the United States did in fact "use" the patented inventions by exercising "direct and exclusive control of the F1 satellite for approximately 39 days . . . and of the F2 satellite for approximately 65 days" (534 F.2d, at 902).

In short, Skynet was poles apart, as respects §1498(a), from the present case.

CONCLUSION

This is a proper case for this Court's attention, and petitioners pray, most urgently, that the writ of certiorari be issued.

Respectfully submitted,

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APPENDIX

HUGHES AIRCRAFT CO. et al.,
Plaintiffs-Appellants Cross-Appellees,

v.

MESSERSCHMITT-BOELKOW-BLOHM, GmbH,
Defendant-Appellee Cross-Appellant.

No. 78-1263.

United States Court of Appeals, Fifth Circuit.

Sept. 8, 1980.

Appeals from the United States District Court for the Middle District of Florida.

Before CHARLES CLARK, RONEY and HENDERSON, *Circuit Judges.*

RONEY, *Circuit Judge*:

The issue in this case is whether certain patents were "used . . . by or for the United States," within the meaning of 28 U.S.C.A. § 1498(a), so that the Court of Claims has exclusive jurisdiction to hear this patent infringement suit. The district court held on summary judgment that the Court of Claims, not a district court, has jurisdiction to entertain the action. 437 F.Supp. 75 (M.D. Fla. 1977). We affirm.

Defendant Messerschmitt-Boelkow-Blohm, GmbH, a German firm, had undertaken to build for the Federal Republic of Germany two space vehicles, dubbed "Helios," which were designed to orbit the sun for scientific exploration. The vehicles were to be launched from Cape Canaveral, Florida, in accordance with a written agreement between the German Government and the United States. The two patents in suit, Williams Patent No.

3,758,051 and McLean Reissue No. 26,887, covered a system for controlling spin-stabilized spacecraft. Plaintiff Hughes Aircraft Co., holder of the patents, alleges the space vehicles manufactured by defendant infringed the patents.

Considering the facts in the light most favorable to Hughes Aircraft, the party opposing the motion for summary judgment, we hold the district court correctly determined that Helios was a joint research project of the United States and Germany. In its role as a partner in that project, the United States "used" the satellite for its own benefit. Accordingly, the district court is without jurisdiction over this cause, and plaintiff is limited to an action against the United States in the Court of Claims. On this basis, we affirm the summary judgment for defendant. At the same time, we affirm the district court's denial of attorney fees to defendant on its cross-appeal because we conclude plaintiff was arguably in good faith in asserting district court jurisdiction.

The determinative facts on this appeal are undisputed. As noted by the district court, the Helios project traces its origins to a 1966 meeting between President Lyndon Johnson and Chancellor Ludwig Erhardt. The two heads of state confirmed an offer extended by the National Aeronautics and Space Administration (NASA) "to launch space experiments of scientists of other nations."

During the project's nascent stages, NASA asked the German space officials to select one of two attitude control systems. A June 1969 agreement between NASA and the German authorities stated the primary objective of the Helios project was to investigate interplanetary space "in the direction of and close to the sun." That agreement further stated the project would "provide German and U.S. experimenters the opportunity of designing and flying a well-integrated set of experiments aimed at specific investigations of the properties and processes in interplanetary space." A secondary objective noted by the district court was to enhance the technological expertise of German industry.

Two separate Helios missions were contemplated, with a total cost of about $260-million. The German share of the expenses was to be approximately $180-million, with the United States to provide the balance, or $80-million. Under the agreement, the German Government would "[d]esign, fabricate and test all spacecraft" and would integrate the seven German and three American experiments into the vehicle. In connection with ten experiments to be conducted by each spacecraft, one of the mission documents observed,

> While the scientific results from each experiment will provide valuable data individually, the selected experiments in their entirety will complement and supplement each other. Thus the planned combination of the US and German experiments will allow a more complete understanding of the phenomena being investigated by the spacecraft as a whole.

The German Government was also designated to test the entire spacecraft system. NASA, as noted by the district court, launched the spacecraft and provided the launch rocket. During the early phases of the mission NASA provided tracking and data acquisition support, although a team of German scientists carried out actual control responsibilities throughout the mission. A NASA press release issued just prior to the launch of the first Helios spacecraft in 1974 observed that "overall mission control is a German responsibility."

After considering voluminous scientific literature and various statements from both sides of the dispute, the district court concluded,

> From its inception the project has been termed a cooperative effort between the United States and Germany. Although an express purpose of the project was to substantially increase and demonstrate the space technological capability of Germany, the [agreement between the two nations] emphasizes that the project is for the mutual benefit of both countries.

437 F.Supp. at 77.

The controlling statute in this case is 28 U.S.C.A. § 1498(a). It provides, in pertinent part,

> Whenever an invention described in and covered by a patent of the United States is used or manufactured by or for the United States without license of the owner thereof of lawful right to use or manufacture the same, the owner's remedy shall be by action against the United States in the Court of Claims for the recovery of his reasonable and entire compensation for such use and manufacture.
>
> For the purposes of this section, the use or manufacture of an invention described in and covered by a patent of the United States by a contractor, a subcontractor, or any person, firm or corporation for the Government and with the authorization or consent of the Government, shall be construed as use or manufacture for the United States.

In deciding whether the spacecraft control systems here were "used or manufactured by or for the United States" we are guided by two contrasting Court of Claims decisions, *Hughes Aircraft Co.* v. *United States,* 534 F.2d 889 (Ct.Cl. 1976), which found Court of Claims jurisdiction, and *Carrier Corp.* v. *United States,* 534 F.2d 244 (Ct.Cl. 1976), which did not.

Hughes Aircraft Co. v. *United States,* upon which the district court in this case relied, involved a joint undertaking by the United States and the United Kingdom, known as the Skynet project. In that case, the United States participated in the establishment of a satellite communication system to link British military installations. Under a 1970 agreement the British Government was to procure its satellites from a British prime contractor who would be permitted to make use of American subcontractors with the approval of the United States. The United States agreed to grant Britain and its contractors the use of technical information, design rights, patent rights and licenses held by the United States Government, and to

assist the British in obtaining additional rights where necessary.

The British were to pay all costs of the Skynet project. Costs incurred by the United States on behalf of the United Kingdom were to be paid from a trust fund consisting of sums deposited by the British. Charges were based upon work performed in connection with the launch vehicles and services, the satellites, packing and transportation, and administrative services.

In the Skynet program, the United States was to assist the British in the design, development, procurement, launch and initial orbital support of the satellites, along with the modification of a British tracking station in England. NASA's direct involvement in the Skynet project was limited to the time period from checkout and mating of the satellite to the Delta launch vehicle on the ground, to the time that the satellite separated from the launch vehicle while in a "transfer orbit." At that point, the United States Air Force was to initiate complete control over tracking and command of the vehicle for the purpose of placing it in a final orbit. In sum, NASA or the Air Force, in the case of the first of two contemplated vehicles, had complete control for the first 39 days of the mission. Thereupon, all control responsibilities were to be fully undertaken by British scientists.

The Court of Claims concluded jurisdiction was properly asserted under section 1498(a), both because the satellites were manufactured for the benefit of the United States, and because they were used by the United States.

> Defendant's affidavits and exhibits show that Skynet II was intended by the U.S. and U.K. Governments to be a cooperative program, vital to the military defense and security of both countries, . . .
>
> Clear evidence that Skynet II, consistent with similar defense programs, was undertaken for the direct benefit of the U.S. is found, . . .

Hughes Aircraft Co. v. United States, 534 F.2d at 898. The Court of Claims also considered a statement by the

United States Air Force in weighing the extent of American involvement in the Skynet project:

> "[I]t can be seen that the US involvement in the Skynet II program cannot be viewed as a mere sale of satellite launch services by an uninterested party. Rather, the furnishing of the launch equipment and services was directly related to US National Security as an integral step toward expanding the US defense satellite communications system via the shared use cooperative program set forth in the [agreement between the United States and Great Britain] . . . ."

534 F.2d at 898.

There are certain factual distinctions between Skynet and this case. Tending to make this case stronger than Skynet for a finding of use by the United States is the fact that the United States had expended about $80-million in furtherance of the project, at least part of that being allocated to three American experiments to be conducted aboard the spacecraft. In Skynet the British financed the entire project. Furthermore, the Skynet space vehicle was a British-built unit. In the present case, American components, including the three experiments, have been integrated into the spacecraft system.

In the Skynet project, on the other hand, NASA and the United States Air Force retained complete control of the spacecraft for more than five weeks. Here German scientists assumed immediate control of the Helios craft after launch from Cape Canaveral. Although NASA ground stations still participated in Helios tracking and data acquisition, primary responsibility was relinquished to German stations. These facts make this case weaker for a finding of United States use.

But, regardless of the differences, the key to the Skynet decision, which strongly supports the denial of district court jurisdiction in this case, is that the project was a shared project for the mutual benefit of both countries, with interrelated responsibilities for each. Although Sky-

net was a military defense and security project, this fact underscored the United States' involvement, and did not furnish the rationale for the decision.

In *Carrier Corp.* v. *United States,* 534 F.2d 244 (Ct. Cl. 1976), the Court of Claims again faced a patent infringement claim, where a United States Air Force base contracted with a private firm for refuse collection. Under the contract, the firm was required to furnish and install refuse compacters and containers of specified sizes and at certain locations throughout the base, and to remove at regular intervals all refuse collected in the containers. Carrier Corp., holder of certain patents covering refuse compacters and detachable containers, alleged jurisdiction under section 1498(a). The Court of Claims, in denying jurisdiction, reasoned that because the devices were useful only in connection with the contractor's duty to pick up the refuse at regular intervals, but were detached from the function performed by the Government at the air base, any use of the devices was by the contractor and not by the Government. 534 F.2d at 247. Under the facts of that case, the Government was interested only in ensuring that the containers be placed at strategic intervals throughout the base, so that its employees could easily dispose of the refuse. After that, the contractor assumed full responsibility for removing the waste, and the manner in which this would be accomplished was left completely to the contractor's expertise.

The salient facts of *Carrier Corp.* v. *United States* stand in contrast to those in the present case. The Court of Claims declined to find use by the United States apparently because the contractor had been hired to use its own equipment to haul the refuse from the base. The Government had no shared responsibility. The contractor's alleged use of the patented invention was without direct participation by the Government, and had no meaningful relationship to the Government's activity within the scope of the relevant contract.

In the present case, on the other hand, NASA participated directly in all phases of the Helios space project.

The attitude control system that sparked this litigation was an integral part of the spacecraft.

[1] Considering these authorities, we conclude the district court was correct in deciding there was "use" by or for the United States of the Helios spacecraft systems sufficient to vest exclusive jurisdiction for plaintiff's patent infringement claims in the Court of Claims. This decision is based upon facts about which there is no genuine issue. We do not suggest that any one aspect of American involvement in this project would be sufficient, standing alone, to constitute use by the United States under the statute. Examining the project as a whole, however, the district court correctly concluded that the Helios project was a joint effort, wherein the two partners participated fully in planning and carrying out nearly all aspects of the mission, for mutual benefit. The United States was to conduct three experiments aboard the vehicles; met a substantial portion of the project's costs; took responsibility for initial technical coordination for the project; and launched the vehicle. The United States was not just a passenger aboard a German spacecraft, as argued by the plaintiffs. The allegedly infringing control system, even though selected for use by the German Government, nevertheless was used by the joint project as a whole.

Defendant asserts the district court abused its discretion in denying attorney fees under 35 U.S.C.A. § 285. That section provides, "The court in exceptional cases may award reasonable attorney fees to the prevailing party." Defendant asserted as exceptional circumstances that (a) Hughes acted in bad faith by instituting this action in the district court when Hughes knew the district court had no jurisdiction; and (b) following the Skynet decision maintenance of the action and aggressive opposition to the motion for summary judgment was totally unreasonable and in the nature of harassment, causing defendant great expense.

> This Court has previously held that The law placing, as it does, the discretion in the trial court to determine . . . whether the case is an exceptional one

> so that attorneys' fees should be allowed, appellate courts ought not to and will not interfere with the exercise of such discretion. Indeed, they may not do so unless there is such a clear abuse as to show that discretion was not exercised, or unless it is plain that the trial court's decision is based on an erroneous concept of law.

Graham v. *Jeoffroy Manufacturing, Inc.*, 253 F.2d 72, 78 (5th Cir.), *cert. denied*, 358 U.S. 817, 79 S.Ct. 28, 3 L.Ed. 2d 59 (1958); *see Williamson-Dickie Manufacturing Co.* v. *Hortex, Inc.*, 504 F.2d 983, 988-89 (5th Cir. 1974).

The district court in denying attorney fees here said:

> I have to conclude that the point that plaintiffs took was arguably in good faith. The statute was not so clear that it couldn't be argued in their behalf, and as they say, they were operating on the *Carrier* case as well.
>
> So I don't feel like I can conclude that an attorney fee should be awarded.

[2] We cannot conclude that the district court abused its discretion. The jurisdiction issue asserted by plaintiffs was arguable. The fact that the district court and this Court decided to the contrary does not mean that the points made were so clearly meritless as to require a finding that they were made in bad faith. The precedents were not so controlling as to make the prosecution of the case frivolous.

AFFIRMED.

HUGHES AIRCRAFT COMPANY,
WILLIAM B. McLEAN AND WALTER C. FINCH,
Plaintiffs,

v.

MESSERSCHMITT-BOELKOW-BLOHM, GmbH,
Defendant.

No. 74-366-Orl-Civ-R.

United States District Court, M. D. Florida
Orlando Division.

Aug. 23, 1977.

MEMORANDUM OF DECISION

REED, *District Judge.*

This case is before the court on the defendant's Motion to Dismiss or, in the Alternative, for Summary Judgment filed herein on 13 August 1976. Defendant bases this motion on two grounds:

1) The court lacks subject matter jurisdiction over this cause because the allegedly infringing apparatus was "used or manufactured by or for the United States" within the meaning of 28 U.S.C. § 1498(a);

2) Personal jurisdiction over this defendant is lacking under 22 U.S.C. § 2356(a)(1).

Title 28, United States Code, Section 1498(a) vests exclusive jurisdiction in the Court of Claims over patent infringement claims arising upon either one or both of the following two grounds:

1) unlicensed use or manufacture of a patented invention by the United States directly; and/or

2) unlicensed use or manufacture of a patented invention for the United States and with its authorization or consent.

Plaintiffs brought this action alleging infringement by defendant Messerschmitt-Boelkow-Blohm, GMBH (MBB) of United States Letters Patent No. 3,758,051 and of United States Reissue Letters Patent No. 26,887. Plaintiffs allege that the HELIOS satellite embodies certain control mechanisms for governing and stabilizing its position in space which were invented by the respective patentees. The allegation is that the HELIOS satellite infringes on both of plaintiffs' Letters Patent.

For the reasons stated below, this court finds that the patented invention covered by United States Letters Patent No. 3,758,051, entitled "Velocity Control and Orientation of a Spin-Stabilized Body" and by United States Reissue Letters Patent No.26,887, entitled "Proportional Navigation System for a Spinning Body in Free Space," which plaintiffs allege were infringed, was used by the United States. Jurisdiction over this action thus lies exclusively in the Court of Claims. As a result, the court finds it unnecessary to determine whether the invention was also used for the United States with its authorization or consent. Additionally, the court declines to consider whether personal jurisdiction is lacking under 22 U.S.C. § 2356(a)(1).

In 1966 former President Johnson and former Chancellor Erhard agreed that the United States and the Federal Republic of Germany would undertake a major cooperative space project with an express purpose of substantially increasing and demonstrating the space technological capability of Germany (see Exhibit VI to Ziegler Affidavit to Motion to Dismiss filed 13 August 1977). The German Ministry for Scientific Research and NASA agreed to cooperate in a project for the exploration of interplanetary space to be known as Project HELIOS. Id. The two governmental agencies entered into a Memorandum of Understanding (MOU) which outlines the responsibilities of each country (see Exhibit C to Empacher Affidavit to Motion to Dismiss filed 13 August 1977).

The MOU states the primary objective of Project HELIOS is "to investigate the properties of the processes in interplanetary space in the direction of and close to the sun by developing, launching, and operating automated spacecraft." "The general scientific objective is to provide new understanding of fundamental solar processes and solar terrestrial relationships by the study of phenomena such as solar wind, magnetic and electric fields, cosmic rays, and cosmic dust." (Id. at p. 3). A further objective was to "provide German and U. S. experimenters the opportunity of designing and flying a well-integrated set of experiments aimed at specific investigations of the properties and processes in interplanetary space . . ." (Exhibit VI to Ziegler Affidavit, p. 14). A secondary objective of the HELIOS project was to advance the technical and technological expertise of German industry (Exhibit B to Empacher Affidavit, Mission Definition Group Report).

The primary German responsibilities were to:

A) Develop the HELIOS spacecraft, including scientific instrumentation of the German experiments;

B) Operate and control the spacecraft from a Project Control Center, utilizing ground facilities located in Germany and those of the NASA Deep Space Network; and

C) Provide the data received to the experimenters for their analysis and publication.

The primary NASA responsibilities were to:

A) Provide instrumentation for United States sponsored experiments that are agreed elements of the payload;

B) Supply those parts of the spacecraft and ground checkout equipment peculiar to the United States sponsored experiments;

C) Provide a launch vehicle of the Atlas/Centaur/TE 364-4 class, payload adapter section (including separation system), spin table, and shroud for each mission;

D) Launch the spacecraft;

E) During Phases I and II, to provide tracking and data acquisition support using available United States near earth deep space, and space flight operations facilities;

F) During Phase III, to provide for the use of elements of the Deep Space Network (DSN) which are mutually agreed to be necessary;

G) Reduce, analyze and distribute data in accordance with a mutually agreed plan;

H) Make available such training of German personnel in German areas of responsibility for direct utilization in this joint project as may be requested by Germany and as is feasible within the limitations of NASA operational requirements;

I) Provide relevant technical consultation and technical data as mutually agreed; and

J) Provide technical assistance in testing the spacecraft and review final acceptance tests of the spacecraft. Exhibit C to Empacher Affidavit, Memorandum of Understanding.

The affidavit and exhibits presented in support of defendant's motion clearly demonstrate the joint nature of the HELIOS project. From its inception the project has been termed a cooperative effort between the United States and Germany. Although an express purpose of the project was to substantially increase and demonstrate the space technological capability of Germany, the MOU emphasizes that the project is for the mutual benefit of both countries.

The United States benefited considerably from project HELIOS. Three of the ten experiments on board the HELIOS were American. The results obtained by HELIOS experiments constituted an extension of the Mariner-Venus and Mariner-Venus-Mercury missions of

the United States and closed a gap in the interplanetary program of the United States (Exhibit G to Empacher Affidavit).

The joint participation in the project by the United States is also shown by the expenditure of $80 million dollars and 360 man years of effort. The joint nature of the project enabled the United States to carry out a major scientific mission at a time when the United States could not afford to expend large amounts of time or money on such projects.

Title 42, United States Code, Section 2451(c)(7) gives NASA authority to become involved in projects such as HELIOS. The joint nature of the project is in keeping with the guidelines established by NASA pursuant to that statute. These guidelines provide for:

1) Designation by each participating government of a central civilian agency for the negotiation and supervision of joint efforts;

2) Agreement upon specific projects rather than generalized programs;

3) Acceptance of financial responsibility by each participating country for its own contributions to joint projects;

4) Projects of scientific validity and mutual interest; and

5) General publication of scientific results (Exhibit VI to Ziegler Affidavit, p. 19).

The Court of Claims recently considered this same issue in *Hughes Aircraft Co.* v. *United States,* 534 F.2d 889, 209 Ct.Cl. 446 (1976). That case involved the alleged infringement of a patent pursuant to the United States involvement with the United Kingdom in a joint defense satellite communications program (Skynet II). The patent involved in the Court of Claims case is the same patent as is involved here.

The circumstances involved in the Skynet program are similar to the HELIOS project. Skynet was a product of cooperative defense efforts of the United Kingdom and the United States. The system is used primarily by the United Kingdom.

A stronger case for "use by the United States" can be made in this suit. While the Skynet program was a cooperative defense effort, no money was expended by the United States. All Air Force funds used were appropriated funds which were subsequently reimbursed with United Kingdom funds. The entire structure, unlike the HELIOS of which 3 out of 10 experiments were American, was British. Many of the responsibilities assumed by the United States in the Skynet program were the same as in the HELIOS project. The testing of the satellite before launch, the launch itself, and the tracking of the satellite after launch were all functions under the control of the United States. NASA's ground stations still participate in the tracking and data acquisition of the HELIOS even though primary responsibility has been turned over to German stations (see Empacher Affidavit, p. 9).

Since the HELIOS project was a joint effort of the United States and Germany, any use made of the satellite is a use by the United States. Even though the satellite, with the exception of the three United States experiments, was made by MBB under contract to Germany, the satellite was used by both Germany and the United States jointly, in carrying out their cooperative space missions. The court thus finds that the alleged infringement was the result of a use by the United States.

For the foregoing reasons, the court finds that there is no genuine issue of material fact as to the use by the United States of the allegedly infringing apparatus. The court, therefore, lacks jurisdiction of this cause and the motion for summary judgment should be granted.

UNITED STATES DISTRICT COURT

For The

Middle District Of Florida — Orlando Division

Civil Action File No.
74-366 Orl-Civ-R

HUGHES AIRCRAFT COMPANY, et al,

Plaintiffs,

vs.

MESSERSCHMITT-BOELKOW-BLOHM, GMBH,

Defendant.

JUDGMENT

This action came on for hearing before the Court, Honorable John A. Reed, Jr., United States District Judge, presiding, and the issues having been duly heard and a decision having been duly rendered, on Defendant's Motion for Summary Judgment,

It is Ordered and Adjudged that the plaintiffs take nothing and the action be dismissed for lack of jurisdiction.

Dated at Orlando, Florida, this 23rd day of August, 1977.

WESLEY R. THIES, Clerk
United States District Court

UNITED STATES DISTRICT COURT
MIDDLE DISTRICT OF FLORIDA
ORLANDO DIVISION

HUGHES AIRCRAFT COMPANY, et al.,
Plaintiffs,

vs.

MESSERSCHMITT-BOELKOW-BLOHM, GmbH,
Defendant.

No. 74-366-Orl-Civ-R

FILED Orlando, Florida, Nov. 21, 1977
WESLEY R. THIES
Clerk

O R D E R

On 21 November 1977 the following motion filed by defendant came on for hearing and thereon, it is

ORDERED:

Motion for Award of Attorney's Fees.

Filing Date: 6 September 1977.

Disposition: Denied. After consideration of the motion, argument of counsel and memoranda, the court has concluded that it cannot find that suit was filed herein negligently or in bad faith. The court, therefore, finds no basis for awarding attorney's fees under 35 U.S.C § 285.

DONE AND ORDERED in Chambers at Orlando, Florida, this 22nd day of November, 1977.

/s/ John A. Reed
Judge

MEMORANDUM OF UNDERSTANDING BETWEEN THE FEDERAL MINISTER FOR SCIENTIFIC RESEARCH OF THE FEDERAL REPUBLIC OF GERMANY AND THE UNITED STATES NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

The Federal Minister for Scientific Research (Bundesminister fur wissenschaftliche Forschung - BMwF) of the Federal Republic of Germany and the United States National Aeronautics and Space Administration (NASA) reaffirm their mutual interest in cooperating in space activities for peaceful scientific purposes.

To this end, the BMwF and NASA agree to cooperate in a project for the exploration of interplanetary space to be known as Project HELIOS.

The primary objective of Project HELIOS is to investigate the properties of and processes in interplanetary space in the direction of and close to the sun by developing, launching, and operating automated spacecraft.

The general scientific objective is to provide new understanding of fundamental solar processes and solar terrestrial relationships by the study of phenomena such as solar wind, magnetic and electric fields, cosmic rays, and cosmic dust.

The basic plan for implementing this project is contained in the HELIOS Program Mission Definition Group Report (NASA-BMwF), dated April 1969; however, it is understood that this project is experimental in character and, therefore, subject to change by mutual agreement in accordance with changing technical and scientific requirements and opportunities.

The project is expected to mature in the time period 1974-1975 with the launching from the Eastern Test Range of two spin-stabilized spacecraft into heliocentric orbit with a perihelion of approximately 0.3 A.U. It is

anticipated that the two spacecraft will be launched on vehicles of the Atlas/Centaur/TE 364.4 class, approximately a year apart.

Each flight is divided into three phases:

Phase I-Near Earth From launching until approximately two weeks later, the exact time to be mutually agreed between the Project Managers.

Phase II-Normal Operations From the end of Phase I until the first solar occultation. A nominal mission will be completed at the conclusion of Phase II.

Phase III-Normal Operations From the completion of Phase II until each mission is terminated, or until the continued operation of each spacecraft is no longer necessary or possible. The end of Phase III will be mutually agreed between the BMwF and NASA upon recommendation from the Project Managers.

The BMwF will use its best efforts to:

A. Provide instrumentation for those German experiments that are agreed elements of the payload.

B. Design, fabricate, and test all spacecraft. Integrate all experiments, including those from the United States, with the spacecraft and environmentally test the entire spacecraft system.

C. Deliver to the launch site a flight qualified spacecraft for each flight mission and flight qualified spares for all critical subsystems.

D. Supply payload and spacecraft ground checkout and spacecraft launch support equipment.

E. As mutually agreed, support each mission with tracking and data acquisition and control facilities available to the BMwF.

F. Control the spacecraft during all phases.

G. Reduce, analyze and distribute data in accordance with a mutually agreed plan.

H. Make available German personnel for such training programs as may be agreed to.

I. Provide necessary communications required to link German operations facilities with a NASA communication terminal, the location of which will be mutually agreed between Project Managers.

NASA will use its best efforts to:

A. Provide instrumentation for U.S.-sponsored experiments that are agreed elements of the payload.

B. Supply those parts of the spacecraft and ground checkout equipment peculiar to the U.S.-sponsored experiments.

C. Provide a launch vehicle of the Atlas/Centaur/TE 364-4 class, payload adapter section (including separation system), spin table, and shroud for each mission.

D. Launch the spacecraft.

E. During Phases I and II provide tracking and data acquisition support using available U.S. near earth, deep space, and space flight operations facilities.

F. During Phase III provide for the use of elements of the Deep Space Network (DSN) which are mutually agreed to be necessary.

G. Reduce, analyze and distribute data in accordance with a mutually agreed plan.

H. Make available such training of German personnel in BMwF areas of responsibility for direct utilization in this joint project as may be requested by BMwF and as is feasible within the limitations of NASA operational requirements.

I. Provide relevant technical consultation and technical data as mutually agreed.

J. Provide technical assistance in testing the spacecraft and review final acceptance tests of the spacecraft.

Final determination of the suitability of flight units for launchings will be a joint BMwF/NASA decision.

No exchange of funds is contemplated between the BMwF and NASA who will individually bear the costs of discharging their respective responsibilities, including travel and subsistence of their own personnel and transportation charges on all equipment for which they are responsible.

BMwF and NASA agree to designate a single Project Manager each to be responsible for coordinating the agreed functions and responsibilities with the other in the implementation of this agreement. Together they will establish a Joint Working Group with appropriate membership. Details for implementation shall be resolved on a mutual basis within this working group.

BMwF and NASA will use their best efforts to arrange in their respective countries for free customs clearance of equipment required in this project.

The Principal Investigators on Project HELIOS will constitute an experimenter team to coordinate the data analysis effort. The data obtained from each experiment shall be provided to the investigators associated with that experiment for analysis and evaluation.

Eighteen months after receipt of data tapes, the reduced and analyzed data shall be placed in the NASA Space Science Data Center and listed with the appropriate World Data Center. Such records will then be made available to interested scientists upon reasonable request to the World Data Center or other selected depository.

By mutual agreement and as soon as possible after publication, a joint publication of initial discoveries from this mission will be undertaken. Unless the experimenter team directs otherwise, this joint publication will occur at a scientific session selected for the presentation of results of the HELIOS mission.

Release of public information regarding the joint project may be made by BMwF and NASA for their own per-

tion of the project as desired and, insofar as the participation of the other is involved, after suitable coordination.

The BMwF and NASA shall, in relation to each other, bear full responsibility for any damage to their respective nationals in the course of this cooperative project. In the event of damage to nationals of countries which are not parties to the cooperative agreement, for which damage there is liability under the principles of international law and of the Treaty Governing the Activities of States in the Exploration and Use of Outer Space Including the Moon and Other Celestial Bodies, the BMwF and NASA agree to consult promptly on an equitable sharing of payments for any settlement required. If an agreement is not reached within 180 days, the two agencies will act promptly to arrange for early arbitration of such claims following the 1958 model rules on arbitral procedure of the International Law Commission.

The above provisions of this paragraph shall apply only with respect to NASA and BMwF for determining their respective responsibility to their own nationals and their respective shares for payment of any damage to third parties or persons and, therefore, these provisions shall not affect the legal rights of any other third parties or persons who may suffer damage arising from the contemplated cooperative activities.

It is understood that the ability of the BMwF and NASA to carry out their obligations is subject to the availability of appropriated funds.

This agreement shall also apply to Land Berlin, provided that the government of the Federal Republic of Germany has not made a contrary declaration to the government of the United States of America within three months from the date of entry into force of this agreement.

This agreement shall enter into force on the date of signature thereof.

Done at Bonn this tenth day of June, 1969, in duplicate in the German and English languages, both texts being equally authentic.

The Federal Minister for Scientific Research of the Federal Republic of Germany.

The Administrator, the United States National Aeronautics and Space Administration.